


**MEMORANDUM**

July 26, 2013

TO: County Council

FROM: Robert H. Drummer, Senior Legislative Attorney 

SUBJECT: **Public Hearing/Action:** Bill 23-13, Taxation – Estimated Personal Property Tax

<b>Government Operations and Fiscal Policy Committee recommendation (3-0):</b> approve the Bill as introduced, pending any issues that arise at the public hearing.
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Bill 23-13, Taxation – Estimated Personal Property Tax, sponsored by the Council President at the request of the County Executive, was introduced on July 9. Action is scheduled at the conclusion of the hearing.

**Background**

The State Department of Assessments and Taxation (SDAT) is responsible for assessing personal property subject to County tax. Bill 23-13 would authorize the Department of Finance to issue an estimated personal property tax bill in those circumstances where SDAT has not notified the County of a personal property assessment prior to September 1 of any tax year. Md. Tax-Property Art. §10-210, attached at ©9, authorizes the County to enact legislation providing for estimated personal property tax bills under these circumstances.

**Committee Worksession**

The Government Operations and Fiscal Policy Committee reviewed the Bill at a worksession on July 15. Robert Hagedoorn, Department of Finance, represented the Executive Branch. The Committee recommended (3-0) approval of the Bill as introduced, pending any issues that arise at the public hearing.

**Discussion**

On occasion SDAT does not get the annual personal property assessment done in time, especially with taxpayers that have large amounts of personal property, for the County to send out an annual tax bill on a timely basis. This results in delay of receipt of personal property tax revenues. Bill 23-13 would avoid this delay by permitting the Department of Finance to send out a timely estimated tax bill that the taxpayer would be required to pay. If the final tax bill is smaller, the County would have to refund the difference. If the final tax bill is larger, the

taxpayer would have to pay the difference. **Committee recommendation (3-0):** approve the Bill as introduced, pending any issues that arise at the public hearing.

This packet contains:

Bill 23-13

Legislative Request Report

Executive's Transmittal Letter

Fiscal and Economic Impact Statement

Md. Tax-Property Art. §10-210

Circle #

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F:\LAW\BILLS\1323 Taxation - Estimated Personal Property Tax\PH-Action.Doc

Bill No. 23-13  
Concerning: Taxation—Estimated  
Personal Property Tax  
Revised: June 28, 2013 Draft No. 1  
Introduced: July 9, 2013  
Expires: January 9, 2015  
Enacted: \_\_\_\_\_  
Executive: \_\_\_\_\_  
Effective: \_\_\_\_\_  
Sunset Date: None  
Ch. \_\_\_\_\_, Laws of Mont. Co. \_\_\_\_\_

## COUNTY COUNCIL FOR MONTGOMERY COUNTY, MARYLAND

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By: Council President at the Request of the County Executive

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**AN ACT** to:

- (1) permit the issuance of an estimated personal property tax bill;
- (2) require payment of an estimated personal property tax bill; and
- (3) generally amend County law regarding issuance of personal property tax bills.

By adding

Montgomery County Code  
Chapter 52, Taxation  
Section 52-4A

<b>Boldface</b>	<i>Heading or defined term.</i>
<u>Underlining</u>	<i>Added to existing law by original bill.</i>
[Single boldface brackets]	<i>Deleted from existing law by original bill.</i>
<u>Double underlining</u>	<i>Added by amendment.</i>
[[Double boldface brackets]]	<i>Deleted from existing law or the bill by amendment.</i>
* * *	<i>Existing law unaffected by bill.</i>

*The County Council for Montgomery County, Maryland approves the following Act:*

1        **Sec. 1. Section 52-4A is added as follows:**

2        **52-4A. Authorization to issue an estimated personal property tax bill.**

3        (a)    If the State Department of Assessments and Taxation does not notify the  
4            County of any particular personal property tax assessment or operating  
5            personal property assessment by September 1 of any tax year, the  
6            Collector may issue an estimated personal property tax bill to the  
7            taxpayer.

8        (b)    The estimated personal property tax must be calculated by applying the  
9            applicable current property tax rate to the most recent assessment of the  
10           property.

11       (c)    The taxpayer must pay the estimated tax bill within 30 days after the bill  
12           is received, reasonably should have been received, or is made available  
13           to the taxpayer. If the estimated bill is not paid when due, the unpaid  
14           balance is subject to interest and penalty as provided by law.

15       (d)    If the tax paid under this Section is less than the tax finally determined  
16           to be due, the Collector must send a bill to the taxpayer for the  
17           difference. If this tax bill is not paid within 30 days after the bill is  
18           received, reasonably should have been received, or is made available to  
19           the taxpayer, the unpaid balance is subject to interest and penalty as  
20           provided by law.

21       (e)    If the tax paid under this Section is more than the tax finally determined  
22           to be due, the Collector must refund the difference to the taxpayer with  
23           interest as provided by law.

24       *Approved:*

25  
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\_\_\_\_\_  
Nancy Navarro, President, County Council

\_\_\_\_\_  
Date

## LEGISLATIVE REQUEST REPORT

Bill 23-13

### *Taxation – Estimated Personal Property Tax*

<b>DESCRIPTION:</b>	Bill 23-13 would authorize the Department of Finance to issue an estimated personal property tax bill in those circumstances where the Department of Assessments and Taxation (SDAT) has not completed the annual assessment of personal property and notified the County of a personal property assessment prior to the time tax bills are to be issued.
<b>PROBLEM:</b>	On occasion SDAT does not get the annual personal property assessment done in time, especially with taxpayers that have large amounts of personal property, for the County to send out an annual tax bill on a timely basis. This results in delay of receipt of personal property tax revenues.
<b>GOALS AND OBJECTIVES:</b>	To authorize the Department of Finance (the collector of taxes) to issue a temporary or estimated personal property tax bill in those circumstances where SDAT has failed to complete the assessment process.
<b>COORDINATION:</b>	Department of Finance.
<b>FISCAL IMPACT:</b>	To be requested.
<b>ECONOMIC IMPACT:</b>	To be requested.
<b>EVALUATION:</b>	To be requested.
<b>EXPERIENCE ELSEWHERE:</b>	To be researched.
<b>SOURCE OF INFORMATION:</b>	Scott R. Foncannon, Office of the County Attorney
<b>APPLICATION WITHIN MUNICIPALITIES:</b>	Applicable.
<b>PENALTIES:</b>	None.




OFFICE OF THE COUNTY EXECUTIVE  
ROCKVILLE, MARYLAND 20850

Isiah Leggett  
County Executive

MEMORANDUM

June 21, 2013

TO: Nancy Navarro, Council President

FROM: Isiah Leggett, County Executive 

RE: Proposed Legislation - Estimated Personal Property Tax Bills

I am transmitting to Council for introduction a bill that authorizes the Department of Finance to issue an estimated personal property tax bill. I am also including the Legislative Request Report and the Fiscal and Economic Impact Statement.

This bill authorizes the Department of Finance to issue an estimated personal property tax bill in circumstances where the State Department of Assessments and Taxation has failed to complete the personal property assessment prior to the deadline for issuance of personal property tax bills. This bill is authorized by Section 10-210 of the Tax-Property Article of the Annotated Code of Maryland.

I would appreciate your consideration of this bill at your earliest convenience. If you have any questions or require additional information, please do not hesitate to contact Joseph Beach, Director, Department of Finance, at 240-777-8870.

Attachments (4)

c: Joseph Beach, Director, Department of Finance  
Marc Hansen, County Attorney  
Jennifer Hughes, Director, Office of Management and Budget

**Fiscal Impact Statement**  
**Bill 23-13, Taxation – Estimated Personal Property Tax**

**1. Legislative Summary.**

The Bill authorizes the issuance of estimated personal property tax bills and generally amends County law regarding issuance of personal property tax bills.

**2. An estimate of changes in County revenues and expenditures regardless of whether the revenues or expenditures are assumed in the recommended or approved budget. Include source of information, assumptions, and methodologies used.**

The Bill does not change County revenues or expenditures. The legislation permits the County to issue estimated personal property tax bills by September 1 if the State has not notified the County of any particular personal property tax assessment. The Department of Finance anticipates the timing of personal property tax payments to be affected.

**3. Revenue and expenditure estimates covering at least the next 6 fiscal years.**

Not applicable. See item #2 above.

**4. An actuarial analysis through the entire amortization period for each bill that would affect retiree pension or group insurance costs.**

This legislation does not affect retiree pension or group insurance costs.

**5. Later actions that may affect future revenue and expenditures if the legislation authorizes future spending.**

The regulation does not authorize future spending.

**6. An estimate of the staff time needed to implement the legislation.**

No additional amount of staff time is needed.

**7. An explanation of how the addition of new staff responsibilities would affect other duties.**

The Bill does not add new staff responsibilities.

**8. An estimate of costs when an additional appropriation is needed.**

Not applicable.

**9. A description of any variable that could affect revenue and cost estimates.**

Not applicable. The Bill does not affect revenues or expenditures.

**10. Range of revenue or expenditures that is uncertain or difficult to project.**

Not applicable.

**11. If legislation is likely to have no fiscal impact, why that is the case.**


Not applicable.


**12. Other fiscal impacts or comments.**

None at this time.

**13. The following contributed to and concurred with this analysis:**

Erika Lopez-Finn, Office of Management and Budget  
Robert Hagedoorn, Department of Finance

  
\_\_\_\_\_  
Jennifer A. Hughes, Director  
Office of Management and Budget

  
\_\_\_\_\_  
Date



**Economic Impact Statement**  
**Bill 23-13, Taxation – Estimated Personal Property Tax**

**Background:**

This legislation would permit the issuance of estimated personal property tax bills and generally amend County law regarding issuance of personal property tax bills

**1. The sources of information, assumptions, and methodologies used.**

- Treasury Division, Department of Finance
- There are no assumptions regarding the implementation of this legislation
- There are no methodologies used in the analysis of this legislation

**2. A description of any variable that could affect the economic impact estimates.**

- The purpose of this legislation is to permit Treasury Division, Department of Finance, to issue estimated personal property tax bills after September 1 of any tax year if the State Department of Assessments and Taxation has not notified the County (Treasury Division) of any particular personal property tax assessment or any operating property assessment.
- Because the bill authorizes Treasury to provide an estimated property tax bill for revenues otherwise collected, there is no variable that could affect the economic impact.
- Under the provisions of the legislation, if the estimated property tax bill is less than the actual tax liability, Treasury will issue another bill to collect the difference. If the estimated property tax bill is greater than the actual tax liability, Treasury must refund the difference.
- The legislation has no economic impact on employment, spending, saving, investment, incomes, and property values in the County.

**3. The Bill's positive or negative effect, if any on employment, spending, saving, investment, incomes, and property values in the County.**

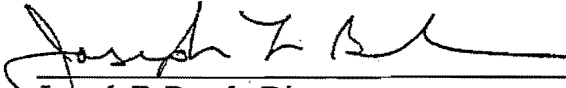
- The legislation has no economic impact.

**4. If a Bill is likely to have no economic impact, why is that the case?**

**Economic Impact Statement**  
**Bill 23-13, Taxation – Estimated Personal Property Tax**

- The legislation has no economic impact because it provides a procedure to collect personal property taxes due to late notification of personal property assessments by the State Department of Assessments and Taxation.

5. **The following contributed to and concurred with this analysis:** David Platt and Mike Coveyou, Finance;

  
\_\_\_\_\_  
Joseph F. Beach, Director  
Department of Finance

7/15/13  
Date

## Article - Tax - Property

[Previous][Next]

§10-210.

(a) If on or before September 1 of a taxable year the Department has not notified a county or municipal corporation of any particular personal property assessment, or any operating property assessment, the Mayor and City Council of Baltimore City or the governing body of the county or of the municipal corporation may authorize, by law, the payment of estimated property tax under subsection (b) of this section.

(b) (1) The estimated property tax may not exceed the amount calculated by applying the applicable current property tax rate to the most recent assessment of the property.

(2) Payment is due 30 days after the tax bill is received or reasonably should have been received or available and if unpaid is subject to interest and penalties as provided by §§ 14-604, 14-608, and 14-702 of this article.

(c) If the property tax paid under this section is less than the tax finally determined, the collector shall send a bill to the taxpayer for the difference.

[Previous][Next]